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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000853

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SUBJECT: TURKMENISTAN ENERGY: SEANA ENERGY ENTERS THE  
PICTURE

REF: ASHGABAT 0852

Classified By: CHARGE RICHARD E. HOAGLAND FOR REASONS 1.4 (B) AND (D)

11. (C) SUMMARY: A curious player has emerged in the current Klondikeskyy race to develop Turkmenistan's hydrocarbon wealth -- Seana Energy, a Singapore-registered, Ankara-based consortium of international private investors that purportedly includes significant U.S. private-sector participation. We are curious to learn more about Seana Energy, and would welcome any all-source background information and insights from Washington and Ankara on the various players mentioned below. END SUMMARY,

12. (C) Charge met with Seana's CEO Erdal Celik and COO Aziz Karaman on August 21. Although both said they have extensive past experience with U.S. energy companies in the region -- and also cited as "close diplomatic contacts" former U.S. Ambassador to Kazakhstan and EUR Assistant Secretary Beth Jones, former U.S. Ambassador to Turkmenistan and SCA PDAS Steve Mann, and EUR DAS Matt Bryza -- in recent years, until mid-2006, they worked for Chalik Energy in Turkmenistan, one of the numerous companies of former President Niyazov's confidante and adviser-cum-business-partner, Ahmed Chalik. They said they left Chalik Energy because of "questions of transparency and corporate governance."

SOME INVESTORS

13. (C) They explained their current consortium grew out of Lotys Energy in Ankara, Turkey, and includes "many international partners and personal investors." When asked, they named as personal investors Santash Gadia, former CEO of Indian Oil Company (sic) and UK-based Anshuman Khanna, of Indian origin, a "lawyer and auditor." They presented the Charge with a multi-page document from FBR Capital Markets, which described FBR as Friedman, Billings, Ramsey Group, INC., "a REIT for U.S. Federal Income Tax Purposes," but more broadly an investment banking house and venture capital firm. Celik and Karaman described FBR as their biggest potential backer, and said FBR Managing Director Roger Kennedy expects

to visit Turkmenistan in the near future. The FBR prospectus they presented said Seana is also seeking major on-shore investments in Azerbaijan and Kazakhstan, and has "interest" in North Africa and the Middle East.

#### SOME U.S. PLAYERS

¶4. (C) Current U.S. players in their consortium include Nabors International Management Limited, a Bermuda-registered, Houston-based drilling company; Universal Ensco Inc., for "surface infrastructure," including gas cleaning and processing and short-distance pipeline connections; and Dr. Everett Rutherford, Jr., a petroleum exploration consultant whose StartExp Petroleum Exploration Services company is Knoxville-based. Celik said his consortium also may include Schlumberger Integrated Project Management for necessary mid-stream processing and pipeline infrastructure, "and many others," but would not be drawn out.

#### WHO'S THE BIG MAN?

¶5. (C) Charge asked, "OK, so who's the Big Man, who's your Number One? Who's behind the curtain?" Celik protested, "No one! It's just Aziz and me. That's our genius. We're a group with no leader." Charge asked if they had the backing of any government. Celik insisted they were wholly private-sector and totally global-market-economy oriented.

#### MEETING WITH SOME U.S. PLAYERS

¶6. (C) On Sunday, August 19, Charge and POLECON Chief had met with Dr. Everett Rutherford Jr. of StartExp Petroleum

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Exploration Services but serving for current purposes as the Seana Energy exploration consultant, Michael D. Felt of Universal Ensco Inc., and John Gass of Nabors International Management Limited. At one point, Felt teased Rutherford for "looking like a Pentacostal preacher with his black suit and long gray pony-tail. They reported Seana had made a three-hour proposal presentation on August 18 to Turkmenistan's most important energy officials, and thought they had an 80% chance of success. But the meeting was mostly opaque, and eventually was interrupted by a cell-phone call allegedly from Deputy of the Cabinet of Ministers for Oil and Gas Tachberdi Tagiyev, whom, they said, was asking to see them urgently.

#### SEANA'S PROPOSAL

¶7. (C) Celik elaborated Seana's three-part proposal to the Charge. 1) Triple oil production through enhanced technologies at three existing sites in Balkan Province (on-shore western Turkmenistan): Barsagalmas, Gotur-Tepi, Keymir. 2) Bid for oil exploration and extraction rights in Caspian off-shore blocs 19 and 20. 3) Start from scratch via a "hybrid service agreement" in the Yoloten Field (natural gas) south-southeast of Mary, where they believe reserves may be 1.5 tcm, with 20 bcm annual production possible by 2012, and where Seana would eventually build link-pipelines to the existing system from which Russia buys Turkmenistan's natural gas. This aspect of their proposal, they said, acknowledging it was furthest out on the horizon, might require at least a \$3 billion initial investment.

#### COMMENT

¶8. (C) We admit this report has a bit of a skeptical tone, and we would truly like to be proven wrong. We understand we simply do not have the decades of experience necessary to recognize the curious intersections of the inner workings and personalities involved in the global energy business. But to our nave observation, Celik and Karaman are two bumbling middle-class Turks in decidedly ill-fitting suits, not international wheelers and dealers who would be comfortable in the City of London and able to access hundreds of

millions, if not billions, of investment dollars.

¶9. (C) COMMENT CONTINUED: A blinking yellow light for us was the "prospectus" from FBR Capital Markets they left behind. Impressive on the surface, the second page after the title page was acres of fine print giving legal citations to disavow endorsement -- but perhaps this is standard-practice legal due-diligence. One third of the prospectus was an objective description of Seana Energy and its CEO and COO. The remaining two-thirds was PR for FBR's former successes in venture capital energy investing and IPO offerings.

¶10. (C) COMMENT CONTINUED: We sincerely hope Seana is a bona fide and serious player. But here is the caution we offer. The current oil and gas players in the new Turkmenistan government are not international experts with long experience. They have told us candidly they are at sea, and have pleaded for urgent training (reftel). It is our impression the current Turkmenistan oil and gas officials are extremely leery of Western-based international energy majors, especially for eventual on-shore operation, because they fear they will be taken advantage of and "risk losing the still-buried resource patrimony of the nation's future." They may be tempted to go with "the devil they know," i.e., those with former Chalik Energy connections.

¶11. (C) COMMENT CONTINUED: We would sincerely welcome any all-source background information and insights from Washington and Ankara on the various players mentioned above.  
END COMMENT.

HOAGLAND